



Highlights of [GAO-07-1135T](#), a testimony before the Subcommittee on Terrorism, Nonproliferation, and Trade, Committee on Foreign Affairs, House of Representatives

## Why GAO Did This Study

In controlling the transfer of weapons and related technologies overseas, the U.S. government must limit the possibility of sensitive items falling into the wrong hands while allowing legitimate trade to occur. Achieving this balance, however, has become increasingly difficult due to redefined security threats and an increasingly globalized economy. The export control system is a key government program intended to balance U.S. interests. GAO has identified and reported on many weaknesses and challenges in the export control system.

The export control system is a complex system involving multiple departments, laws, and regulations. It is governed primarily by the State Department, which regulates arms exports, and the Commerce Department, which regulates dual-use exports that have both military and civilian applications.

GAO has made a number of recommendations aimed at improving the export control system, but many have yet to be implemented. This statement focuses on three key areas: (1) weaknesses and challenges that have created vulnerabilities in the U.S. export control system, (2) inefficiencies in the export licensing process, and (3) State's and Commerce's lack of assessments on the effectiveness of their controls.

[www.gao.gov/cgi-bin/getrpt?GAO-07-1135T](http://www.gao.gov/cgi-bin/getrpt?GAO-07-1135T).

To view the full product, including the scope and methodology, click on the link above. For more information, contact Ann Calvaresi-Barr at (202) 512-4841 or [calvaresibarra@gao.gov](mailto:calvaresibarra@gao.gov).

## EXPORT CONTROLS

# Vulnerabilities and Inefficiencies Undermine System's Ability to Protect U.S. Interests

## What GAO Found

For over a decade, GAO has documented vulnerabilities in the export control system's ability to protect U.S. security, foreign policy, and economic interests. Two key weaknesses relate to the most basic aspects of the system's effectiveness. First, State and Commerce have yet to clearly determine which department controls the export of certain sensitive items. Unclear jurisdiction lets exporters—not the government—determine which export restrictions apply and the type of government review that will occur. Not only does this create an unlevel playing field among U.S. companies, it also increases the risk that items will fall into the wrong hands. Second, a lack of clarity on exemption use has limited the government's ability to ensure that unlicensed exports comply with export laws and regulations. These weaknesses compound an already challenged enforcement community, which has had difficulty coordinating investigations, balancing multiple priorities, and leveraging finite resources.

State's initiatives to facilitate defense trade by reducing the time it takes to process export license applications have generally not been successful. For example, D-Trade, State's new automated application processing system, has not yet achieved anticipated efficiencies. Overall, processing times have increased—from a median of 13 days in 2002 to 26 days in 2006. Also, at the end of 2006, State's backlog of applications reached its highest level—more than 10,000 open cases. While Commerce's license processing times have been relatively stable, the overall efficiency of its processing is unknown.

Despite the existence of known vulnerabilities, neither department has conducted systematic assessments of its export control system. Federal programs need to reexamine their priorities and approaches and determine what corrective actions may be needed to ensure they are fulfilling their missions in the 21<sup>st</sup> century. Given their export control responsibilities, State and Commerce should not be excused from this basic management tenet.

Ultimately, GAO's work demonstrates both the ineffectiveness and inefficiency of the export control system—a key concern that compelled GAO to designate the effective protection of technologies critical to U.S. national security interests as a new high risk area. In its 21<sup>st</sup> century challenges report, GAO has identified the need for basic reexamination of programs established decades ago. Given the importance of the system in protecting U.S. national security, foreign policy, and economic interests, it is necessary to assess and rethink what type of system is needed to best protect these interests in a changing environment.